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MULTINATIONALS AND CORPORATE ETHICS: THE ISSUES
(FIRST OF FOUR -PART SERIES)
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ANNCR:

RECENT INVESTIGATIONS HAVE PRODUCED EVIDENCE THAT SOME OF THE WORLD'S GIANT CORPORATIONS -- THE SO-CALLED "MULTINATIONALS -- HAVE ENGAGED IN UNETHICAL AND EVEN ILLEGAL BUSINESS PRACTICES. THESE REVELATIONS HAVE LEAD TO CRITICISM OF THE WHOLE FABRIC OF MULTINATIONAL BUSINESS VENTURES. VOA'S MIDWEST CORRESPONDENT, JOHN PAXSON, IN THIS (THE FIRST OF THREE) REPORT(S), TRACES THE DEVELOPMENT OF THE MULTINATIONALS AND LOOKS AT SOME OF THE QUESTIONS RAISED IN THEIR OPERATIONS.

VOICE:

THE MULTINATIONAL CORPORATION--THAT IS, A COMPANY WITH MANUFACTURING AND DISTRIBUTION OPERATIONS IN SEVERAL FOREIGN COUNTRIES--IS A RELATIVELY RECENT DEVELOPMENT. SUCH VENTURES DATE BACK TO JUST AFTER WORLD WAR TWO, WHEN THE UNITED STATES INTRODUCED THE MARSHALL PLAN TO HELP IN THE POST-WAR EUROPEAN RECOVERY. THE LARGE AMERICAN COMPANIES INVOLVED IN THAT EFFORT WERE THE BEGINNINGS OF WHAT TODAY IS A GIANT MULTI-THOUSAND-MILLION DOLLAR BUSINESS PHENOMENON WHICH SPANS THE GLOBE.

THOSE EARLY BEGINNINGS WERE RELATIVELY SMALL. THIRTY YEARS AGO FOREIGN INVESTMENT BY AMERICAN INDUSTRY TOTALED SEVEN THOUSAND MILLION DOLLARS. TODAY IT IS ONE HUNDRED THOUSAND MILLION DOLLARS AND GROWING. AND THE UNITED STATES IS BY NO MEANS ALONE IN MULTINATIONAL VENTURES: NEARLY FIFTY PERCENT OF ALL MULTINATIONAL INVESTMENT ORIGINATES OUTSIDE THE UNITED STATES.

MULTINATIONALS ENGAGE IN AN ENORMOUSLY LARGE AMOUNT OF BUSINESS ACTIVITY, ACCOUNTING FOR ALMOST TWENTY PERCENT OF ALL TRADE BETWEEN NATIONS. AND INDEED, THAT VERY SIZE RAISES ONE OF THE MAJOR CRITICISMS OF MULTINATIONALS: THAT THEY HAVE BECOME TOO LARGE AND TOO POWERFUL, THAT SOME HAVE GROWN BEYOND THE POWER OF NATIONAL GOVERNMENTS TO CONTROL THEM.

TAPE: CUT ONE -- ROBISON

"NATIONAL GOVERNMENTS, POLITICAL GOVERNMENTS ARE VERY JEALOUS OF THEIR PREROGATIVES. THEY FEEL THAT TOO MUCH INVESTMENT BY A FOREIGN COUNTRY OR A FOREIGN COMPANY REDUCES SOME OF THE CONTROL THAT THE LOCAL POLITICAL STRUCTURE MUST KEEP OVER ITS DESTINIES. AND THE FEELING IN MANY PARTS OF THE WORLD, WHETHER RIGHTLY OR WRONGLY, IS THAT THE INTERNATIONAL ECONOMIC STRUCTURE THAT IS DEVELOPING IS SIMPLY A NEW FORM OF COLONIALISM...IT'S NEOCOLONIALISM OF AN ECONOMIC TYPE."

VOICE:

THAT WAS H.E. ROBISON, A SENIOR DIRECTOR OF THE PRESTIGIOUS STANFORD RESEARCH INSTITUTE IN CALIFORNIA AND AN EXPERT ON MULTINATIONAL CORPORATIONS. MISTER ROBISON SAYS THAT MANY COUNTRIES TODAY FEAR THE POWER OF THE GIANT COMPANIES AND CRITICIZE THEIR PRACTICES. BUT HE ADDS THAT MUCH OF THE CRITICISM IS DECEPTIVE...THAT IN FACT MOST DEVELOPING COUNTRIES REALIZE THEY MUST HAVE THE CAPITAL AND TECHNOLOGY THE MULTINATIONALS CAN PROVIDE.

TAPE: CUT TWO -- ROBISON

"I THINK THAT MANY OF THE POLITICIANS WHO SPREAD SUCH GOSPELS DON'T REALLY BELIEVE THEMSELVES IN WHAT THEY'RE SAYING WHEN, AT THE SAME TIME, THEY ARE TRYING BY VARIOUS MEANS AND ALMOST EVERY MEANS OF ATTRACTING THE CAPITAL AND TECHNOLOGY THAT THEY ARE INCREASINGLY RECOGNIZING ARE ESSENTIAL FOR THE DEVELOPMENT OF THEIR COUNTRIES."

VOICE:

ANOTHER CRITICISM IS THAT THE BIG COMPANIES DO LITTLE TO IMPROVE CONDITIONS IN THE COUNTRIES WHERE THEY HAVE BASED THEIR FOREIGN OPERATIONS. THE FACTS, HOWEVER, DO NOT SUPPORT THE

CRITICISM. IT CAN BE ARGUED, FOR INSTANCE, THAT MANY COUNTRIES IN THE MIDDLE EAST, SOUTH AMERICA AND AFRICA WOULD NOT BE ENJOYING THE STANDARD OF LIVING THEY DO TODAY WERE IT NOT FOR THE EFFORTS OF THE MULTINATIONALS. THOSE COMPANIES WERE DIRECTLY RESPONSIBLE FOR UNLOCKING AND DEVELOPING THE RICHES OF OIL AND MINERALS IN ALL THREE AREAS, INCREASING EMPLOYMENT, INTRODUCING MODERN TECHNOLOGY AND HELPING TO SPREAD THE FLOW OF CAPITAL FROM THE DEVELOPED TO THE DEVELOPING WORLD.

BEYOND ALL OF THESE MATTERS, HOWEVER, LOOMS THE CHARGE WHICH TODAY IS CHIEF AMONG ALL CRITICISM OF MULTINATIONALS... THAT THEY SEE THEMSELVES AS SOMEHOW ABOVE THE LAW...THAT SOME ARE WILLING TO VIOLATE BUSINESS ETHICS AND EVEN THE LAW FOR THE SAKE OF PROFIT. STORIES OF BRIBES AND PAY-OFFS MADE TO GOVERNMENT OFFICIALS HAVE ROCKED CORPORATIONS AND GOVERNMENTS ALIKE. THEY HAVE CAUSED NO SMALL AMOUNT OF PUBLIC INDIGNATION AND THEY HAVE SPARKED DEMANDS FOR AN INTERNATIONAL INVESTIGATION OF ALL MULTINATIONAL OPERATIONS, AND FOR WORLD-WIDE SANCTIONS AGAINST THOSE IN THE BUSINESS COMMUNITY WHO WOULD PLACE BUSINESS ABOVE MORALITY. U.S. SECRETARY OF COMMERCE ELLIOT RICHARDSON HAS THIS TO SAY ON THE SUBJECT:

TAPE: CUT THREE -- RICHARDSON

"I THINK OUR MORAL INDIGNATION IS BASICALLY RIGHT. I DON'T THINK THAT WE IN THIS COUNTRY OUGHT TO CONDONE THE BRIBERY OF FOREIGN OFFICIALS AS A WAY OF GETTING BUSINESS FOR AMERICAN COMPANIES. AND I DON'T THINK THAT MOST BUSINESS LEADERSHIP IN THE UNITED STATES DOES CONDONE IT. THERE IS, AT BEST, OFFERED THE JUSTIFICATION THAT IF WE DON'T DO IT SOMEBODY ELSE WILL GET THE BUSINESS. IT'S NOT CLEAR ON THE FACTS HOW FAR THAT'S TRUE. I DON'T KNOW OF ANY COUNTRY IN THE WORLD IN WHICH BRIBERY AND EXTORTION IS NOT A CRIME."

VOICE:

THE EXPOSURE OF SUCH BUSINESS PRACTICES--AND THE CRITICISM SURROUNDING THEM--IS BRINGING ABOUT CHANGES. MORE AND MORE

COUNTRIES ARE CONSIDERING IMPOSING STANDARDS OF CONDUCT ON THEIR MULTINATIONALS, AND THE UNITED NATIONS HAS CREATED A COMMISSION TO DEVELOP AN INTERNATIONAL CODE OF CONDUCT FOR SUCH BUSINESSES. AGAIN, SECRETARY RICHARDSON:

TAPE: CUT FOUR -- RICHARDSON

"I SUGGEST THAT WHAT WE NEED IS A MUTUAL CODE OF CONDUCT ON THE PART BOTH OF MULTINATIONAL CORPORATIONS AND HOST COUNTRIES SO THAT THE MULTINATIONAL CORPORATION BEHAVES IN A MANNER THAT CONTRIBUTES IN THE LONG TERM TO THE ECONOMIC GROWTH, STABILITY OF THE HOST COUNTRY. AND THE HOST COUNTRY, IN RETURN FOR THE ECONOMIC BENEFITS IT RECEIVES, UNDERTAKES TO TREAT THE COMPANY IN A FAIR WAY, INCLUDING THE MANNER IN WHICH IT DEALS WITH ANY SHARE OF THE COMPANY THAT IT MAY ACQUIRE."

VOICE:

MULTINATIONAL CORPORATIONS ARE PERHAPS THE WORLD'S MOST EFFECTIVE TOOL FOR BRINGING A MEASURE OF FINANCIAL SECURITY AND PROSPERITY TO COUNTRIES DESPERATELY IN NEED OF IT. FEW OTHER BUSINESS OPERATIONS HAVE THE SKILL AND THE ORGANIZATION FOR SUCH LARGE SCALE DISTRIBUTIONS OF CAPITAL AND TECHNOLOGY. AND MOST EXPERTS VOA HAS TALKED WITH AGREE THAT SUCH BUSINESSES SHOULD NOT BE SACRIFICED...THAT THE PROBLEMS CAN BE OVERCOME... THAT WE CANNOT AFFORD TO DESTROY WHAT HAS BECOME AN ESSENTIAL PART OF TODAY'S EXCEEDINGLY COMPLEX INTERNATIONAL ECONOMIC SYSTEM. WITHOUT THE MULTINATIONAL CORPORATIONS, THEY SAY, THE WORLD'S WEALTH WOULD BE MUCH MORE POLARIZED THAN IT IS TODAY...THAT THERE WOULD BE A MUCH GREATER DIVISION BETWEEN THOSE WHO HAVE AND THOSE WHO HAVE NOT.

ANNCR:

WE'VE BEEN LOOKING AT SOME OF THE ISSUES RAISED BY RECENT REVELATIONS THAT MULTINATIONAL CORPORATIONS HAVE ENGAGED IN

UNETHICAL AND ILLEGAL BUSINESS PRACTICES. (OPT) OUR NEXT REPORT WILL CONSIDER THE VIEWS OF AMERICAN BUSINESS EXECUTIVES ON AN ETHICAL CODE OF CONDUCT FOR THE MULTINATIONALS. (END OPT)

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